



Sustainability Report

2020

Fiscal Year Ended March 31, 2020

For the Air We Live in



For the Air We Live in

Air is something that surrounds us 24 hours a day.

In fact, our existence, as well as the Earth's, depends on it.

At Daikin, the future of the world's air is our greatest concern.

We use the knowledge, innovation and technologies,

dedicated to air, cultivated over many years,

to improve the quality of air we breathe

and the quality of lives we live.

This is our mission.

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Company Profile

Name: Daikin Industries, Ltd.

Address: Umeda Center Bldg., 2-4-12, Nakazaki-Nishi,
Kita-ku, Osaka, Japan

Incorporated: February 11, 1934

Founded: October 25, 1924

Capital: 85 billion yen

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Bringing the World Healthy, Comfortable Lifestyles

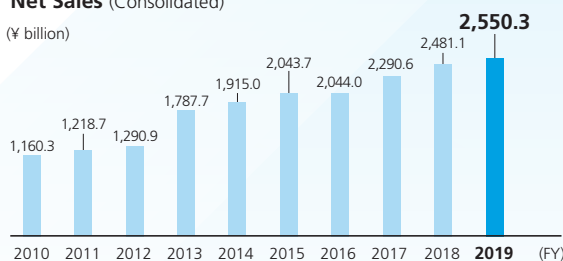
Daikin is a global manufacturer with overseas sales accounting for more than 70% of the group total and overseas employees accounting for 80% of the group workforce. In our businesses of air conditioning and fluorochemicals, we respond to the needs that arise from the diverse cultures and values of the world's countries and regions by providing products that make people and space healthier and more comfortable.

Our Business: Providing Healthy, Comfortable Lifestyles through Air Conditioning and Fluorochemical Technologies

<p>Air Conditioning</p> <p>Achieving Both Comfort and Environmental Performance to Meet All Global Air Conditioning Needs</p>	<p>Residential Air Conditioners</p>	<p>Commercial Air Conditioners</p>	<p>Air Filters</p>
<p>Air Purifiers</p>	<p>Hot Water and Space Heaters</p>	<p>Air Conditioning Systems</p>	<p>Refrigeration Equipment</p>
<p>Chemicals</p> <p>Utilizing the Characteristics of Fluorochemicals and Contributing to a Wide Range of Fields</p>	<p>Semiconductor Field</p>	<p>Automotive Field</p>	<p>Information and Telecommunication Field</p>
<p>Oil Hydraulics, Defense Systems, and Electronics</p> <p>Proprietary Technologies at Work in a Range of Industries, IT Solutions</p>	<p>Machine Tools</p>	<p>In-Home Medical Equipment</p>	<p>IT Solutions</p>

Net Sales (Consolidated)

(¥ billion)



- Air Conditioning **90.5%**
- Chemicals **7.1%**
- Oil Hydraulics, Defense Systems, and Electronics **2.4%**

Business Sphere: Daikin Is Active in Over 150 Countries



Europe
 9,407
 Employees
 78
 Subsidiaries



Japan
 12,879
 Employees
 30
 Daikin Industries
 and subsidiaries



United States
 17,497
 Employees
 58
 Subsidiaries



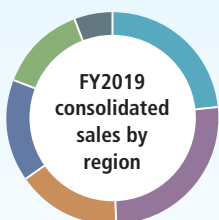
China
 18,996
 Employees
 36
 Subsidiaries

Employees
80,369
 Subsidiaries
313

Other regions
 (Latin America, Middle East, Africa, etc.)
 5,134
 Employees
 61
 Subsidiaries

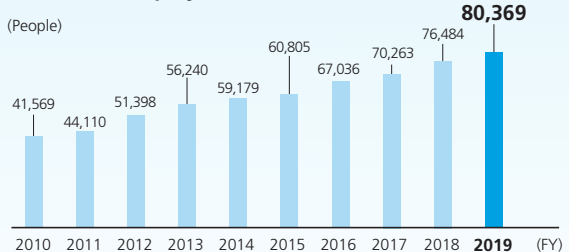


Asia and Oceania
 16,456
 Employees
 51
 Subsidiaries



Japan	23.4%
United States	26.1%
Europe	15.9%
Asia and Oceania	15.5%
China	13.4%
Other regions	5.7%

Number of Employees (Workforce, Consolidated)



Aspire for Greater Growth by Solving Social Issues in the Air and Environment Fields



A Company That Provides Solutions with Air

The year 2020 has been marred by uncertainty about the future caused by the COVID-19 pandemic. At the end of January 2020, we set up the Emergency Response Headquarters, which reports directly to me, and promptly implemented a number of countermeasures. We are working to gather information and deploy measures regarding the constantly changing management and operational situations, while ensuring the health and safety of our employees.

We have been providing safe and healthy air environments under Environmental Vision 2050 established in 2018. With COVID-19, there is growing awareness about the importance of ventilation and air purification around the world. We will be the first to respond to these growing needs using solutions that fully harness our technologies, products, and services.

I am proud to say that Daikin has an uncanny ability to stand up in the face of crises. Now is the time that we exhibit this strength, as we move toward greater growth with an eye on the post-COVID-19 world, as a “company that provides solutions with air.”

Spreading Air Conditioners While Curbing Environmental Impacts

Over the past several years, we have explored ways to grow the air conditioner business while striking a balance between positives and negatives from the spread of air conditioners.

Air conditioners have become a key part of infrastructure supporting society because they have ushered in changes in indoor environments in hot regions. They help to prevent heat stroke and improve people’s health by improving air quality, and bring about economic development by improving labor efficiency.

Concurrently, the spread of air conditioners has increased the use of electricity and affected global warming.

Demand for air conditioning is expected to triple from current levels by 2050 driven by economic development in emerging countries and other factors. Daikin’s social

mission can be found in mitigating the impacts of global warming wherever possible while providing a comfortable air environment to people around the world. Under our Environmental Vision 2050 established in fiscal 2018, we are tackling challenges associated with the reduction of greenhouse gas emissions to net zero. Through the development and spread of products and services that contribute to energy conservation and the mitigation of global warming, we aim to reduce the world's greenhouse gas emissions while further developing our businesses.

Driving Innovation by Fostering Human Resources in AI and IoT

Using rapidly evolving AI and IoT technologies will prove beneficial in providing higher added value air conditioning to society. With this philosophy in mind, we launched Daikin Information and Communications Technology College, an inhouse learning program, in fiscal 2017 with the full cooperation of Osaka University. We are using this program to foster around 1,000 human resources by fiscal 2021 capable of using AI and IoT to resolve various challenges, connecting knowledge of advanced informatics with our proprietary technologies. Three years since its inception, the program has produced a number of innovations driven by AI and IoT used to resolve issues on the frontlines of production and sales. Looking ahead,

we expect these new innovations will be used to resolve social issues.

Aiming for Sustainability Together with the International Community

In May 2019, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition to financial information, we will now focus on disclosing environmental, social and governance (ESG) information, including climate change.

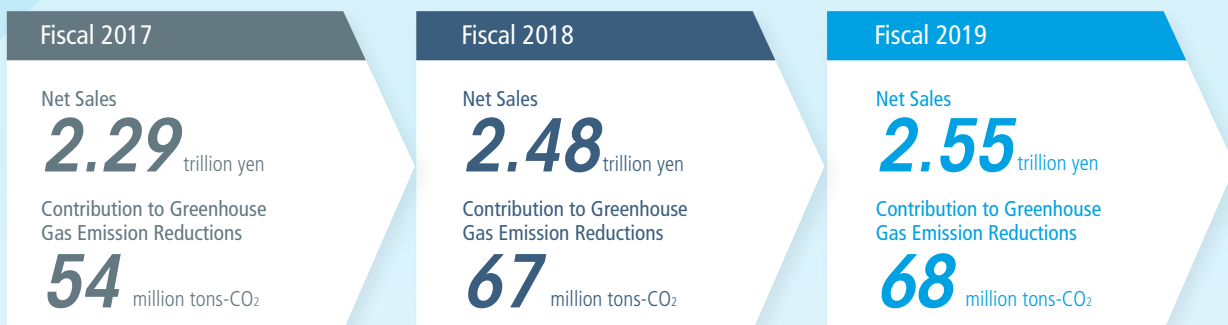
Also, since 2008, we have supported the UN Global Compact, which sets forth 10 principles covering the four areas of human rights, labor, environment, and anti-corruption.

We stand committed to helping achieve the Sustainable Development Goals (SDGs) through our business for the benefit of the international community. Toward this end, we will continue to fulfill the expectations of our various stakeholders including customers, shareholders, investors, suppliers, and local communities.



Masanori Togawa
President and CEO Daikin Industries, Ltd.

Net Sales and Contribution to Greenhouse Gas Emission Reductions



Creating New Value and Contributing to Sustainable Development for Society

Problems such as climate change and changing demographics are presenting our advancing global society with many challenges. Daikin aims to contribute to sustainable growth for the world by solving social problems and providing society with new value.

Social Problems Daikin Can Help Solve

- Intensifying climate change
- Increase and concentration of demands for electricity and other energy forms
- Intensifying atmospheric pollution and pandemics

International Frameworks toward Solving Society's Problems

International Frameworks

- Sustainable Development Goals (SDGs)
- Kigali Amendment to the Montreal Protocol
- Paris Agreement

Our Group Philosophy

The basic management philosophy for the thoughts and actions of all employees

Daikin's Three Business Pillars

Air conditioning

We handle all types of air environments, including air conditioning equipment and refrigeration equipment, with the aim of providing both environmental performance and comfort.

Chemicals

Utilizing our expertise in fluorochemicals, we contribute to a wide range of fields including semiconductors, automotive, and information and telecommunications.

Filters

We contribute to preventing atmospheric pollution and improving hygiene management in industries such as pharmaceuticals and food through, for example, dust collection filters and high-performance filters.

A strategic management plan formulated every five years that stipulates the direction of the group's progress

An environmental vision for taking action to achieve net zero greenhouse gas emissions over the long term (formulated in 2018) [Details on page 13](#)

Fusion 20 Strategic Management Plan

CSR Action Plan 2020

The CSR Action Plan 2020 sets targets for 2020 regarding nine key CSR themes [Details on page 11](#)

Environmental Vision 2050

Daikin's Management toward Value Creation

In aiming to grow by solving social problems, Daikin carries out management toward creating value in the short, medium, and long terms.

For the short and medium terms, we have formulated our CSR Action Plan 2020 to assess the impact our business has on society. For the long term, we have formulated Environmental Vision 2050, through which

we aim to reduce greenhouse gas emissions to net zero by 2050 and identify possible risks and opportunities for Daikin in the future. Centered on our Fusion Strategic Management Plan, we set concrete targets every five years and propose and implement measures toward achieving these.

Daikin's Aims for Value Creation

Provide new value that makes people and space healthier and more comfortable while at the same time reducing environmental impact.

Value Creation for the Earth

Reduce environmental impact through all business activities and contribute to alleviating climate change

- Further raise the environmental performance of products
- Make effective use of resources
- Protect forests and help sustain their inherent functions



Sustainable Development Goals (SDGs) targeted



Value Creation for Cities

Contribute to solving energy-related issues arising from urbanization and contribute to the creation of sustainable cities

- Effectively use energy throughout entire buildings and entire cities
- Build systems for recycling-based societies
- Create new types of energy



Sustainable Development Goals (SDGs) targeted



Value Creation for People

Pursue new possibilities for air and contribute to healthy, comfortable lifestyles

- Protect people from heatstroke and infectious diseases
- Protect people's health from atmospheric pollution
- Improve indoor environments to support people's comfortable and affluent lifestyles
- Raise productivity to contribute to economic advancement



Sustainable Development Goals (SDGs) targeted



Human Resource Development Supports Value Creation

Foster human resources which spur innovation and spread newly created value around the world.

Contribute to the growth of employees and local citizens

- Training of highly skilled personnel
- Job creation
- Contribution to local economic development
- Creation of new products and services that help raise people's lifestyles

2020

2030

2040

2050

Sustainable Development Goals (SDGs) Daikin Is Contributing to through Its Business

We are focusing on six of the 17 SDGs that Daikin can contribute to considerably through its business strengths.



Ensure healthy lives and promote well-being for all at all ages

Prevention of heatstroke and infectious diseases, measures against air pollution, increase in productivity, etc.



Ensure access to affordable, reliable, sustainable and modern energy for all

Increase in energy efficiency, use and spread of renewable energy, etc.



Build resilient infrastructure, promote sustainable industrialization and foster innovation

ZEB (net-zero energy buildings) initiatives, promotion of energy management and demand response, etc.



Ensure sustainable consumption and production patterns

Initiatives for energy efficiency during production, recycling, resource efficiency, etc.



Take urgent action to combat climate change and its impacts

Spread of inverter products, refrigerants with lower global warming potential, and heat pump products, etc.

Establishing Key CSR Themes toward

In understanding society's challenges, Daikin assesses the impact that its business activities have on society, and identifies key challenges (materiality) from two aspects—"stakeholder concerns and impacts," and "importance to Daikin." We have organized these challenges into our key CSR themes, which have been reflected into our strategic management plans. Each key theme has targets that we are working toward.

1 Understanding Stakeholder Concerns and Impacts

One important judgment criterion in analyzing materiality is stakeholder concerns and impacts. To fully understand this, Daikin follows international frameworks toward solving society's challenges (global risks), and it takes into account stakeholder assessments of Daikin and the wishes and opinions that stakeholders have expressed in dialogue with Daikin.

Society's challenges (Global risks)

- Extreme weather events and temperatures
- Natural disasters
- Failures of climate change mitigation and adaptation
- Water crises • Loss of biodiversity • Pandemics

Source: World Economic Forum Global Risks Perception Survey 2019-2020

International frameworks

- Paris Agreement to the UN Framework Convention on Climate Change
- Kigali Amendment* to the Montreal Protocol
- Sustainable Development Goals (SDGs)
- UN Global Compact (UNGC)
- * International agreement to phase down the global warming impact (CO₂ equivalent) of HFCs.

Assessments of Daikin, stakeholder dialogue

- ESG assessment
Dialogue with stakeholders
- Briefings for shareholders and investors
 - Air Conditioner Forums
 - Dialogue with international organizations, NPOs, NGOs, etc.

2 Assessing the Impact of Our Business on Society throughout the Entire Value Chain

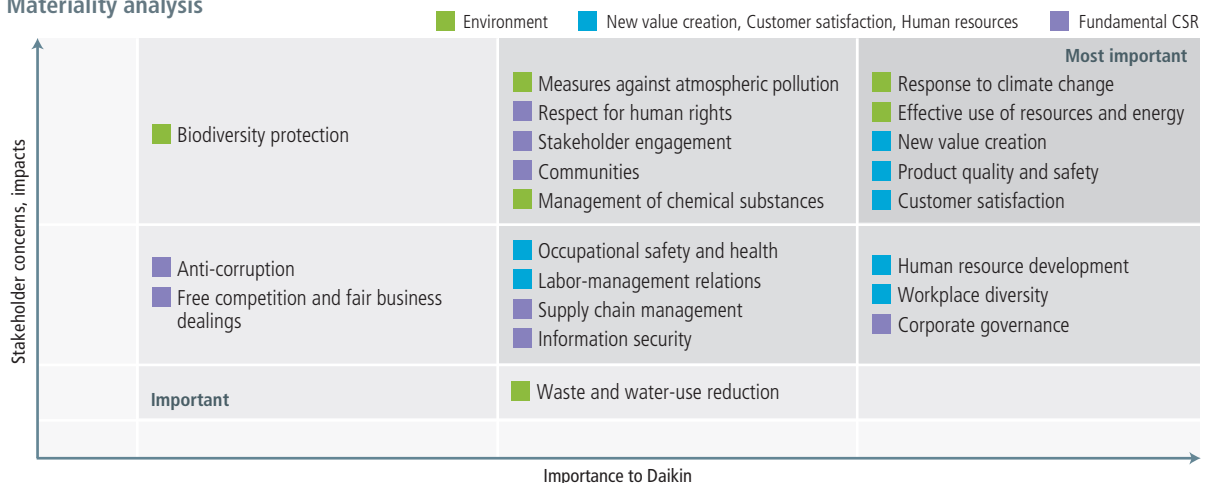
Value chain	Business impact, what Daikin is expected to do	Efforts of significant materiality
Procurement	Throughout the globally expanding supply chain, Daikin is expected to respond to various procurement risks involving, for example, quality control, labor practices, and environmental protection.	<ul style="list-style-type: none"> ■ Supply chain management ■ Anti-corruption ■ Free competition and fair business dealings
Development, Design	As air conditioner demand grows in emerging markets and other countries, Daikin must develop products that offer superb environmental performance and comfort and meet regional needs.	<ul style="list-style-type: none"> ■ Response to climate change ■ Effective use of resources and energy ■ Measures against atmospheric pollution ■ Management of chemical substances ■ Waste and water-use reduction ■ New value creation ■ Product quality and safety ■ Customer satisfaction ■ Information security
Manufacturing	It is crucial that Daikin increase productivity while at the same time improving manufacturing quality and reducing environmental impact at all worldwide production sites.	<ul style="list-style-type: none"> ■ Response to climate change ■ Product quality and safety ■ Customer satisfaction ■ Anti-corruption ■ Free competition and fair business dealings ■ Information security
Sales, Transportation, Installation	Faulty air conditioner installation not only causes quality problems but also leads to environmental problems such as refrigerant leakage. It is crucial that Daikin raises the level of installation skills of employees and retailers worldwide.	<ul style="list-style-type: none"> ■ Response to climate change ■ Measures against atmospheric pollution ■ Customer satisfaction ■ Information security
Usage	Global warming impact from air conditioner use presents a huge challenge. At the same time, air conditioners provide benefits such as preventing heatstroke and making people more productive.	<ul style="list-style-type: none"> ■ Response to climate change ■ Customer satisfaction ■ Information security
After-sales Service, Recovery, Recycling	To achieve a recycling-based society, it is crucial that we are thorough in recycling air conditioners and recovering/recycling refrigerants.	<ul style="list-style-type: none"> ■ Response to climate change ■ Waste and water-use reduction ■ Customer satisfaction ■ Information security
Business Activity Foundation	In order to continue contributing to society, we must develop the human resources who conduct our business, comply with laws and regulations, and have in place a system of corporate governance.	<ul style="list-style-type: none"> ■ Human resource development ■ Workplace diversity ■ Occupational safety and health ■ Labor-management relations ■ Respect for human rights ■ Corporate governance
Relationship with Society	In order to spread Daikin technologies and thus contribute to solving society's problems, it is essential that we work closely with numerous partners, including governments, United Nations bodies, international organizations, NPOs, NGOs, key individuals, and local communities.	<ul style="list-style-type: none"> ■ Response to climate change ■ Biodiversity protection ■ Communities ■ Stakeholder engagement

Sustainable Development

3 Identifying Materiality and Organizing It into 9 Key CSR Themes

We identified materiality from the two aspects of “stakeholder concerns and impacts” and “importance to Daikin,” and together with the formulation of the Fusion 20 Strategic Management Plan we organized nine materiality issues as key themes in fiscal 2015: four themes of CSR for value provision, and five themes of fundamental CSR. Note that in fiscal 2018, when formulating plans for the final three years of Fusion 20, we revised some materiality issues based on the changing situation.

Materiality analysis



Daikin's 9 Key CSR Themes

CSR for Value Provision

We provide healthy and comfortable air environments for people around the world while at the same time reducing environmental impact.



Fundamental CSR

We respond to society's requests through corporate action based on transparency and sincerity.



4 Formulating a CSR Action Plan and Reflecting This into the Fusion 20 Strategic Management Plan

The nine key CSR themes have been incorporated into the Fusion 20 Strategic Management Plan as important management items that are being put into action group-wide. In fiscal 2018, we established targets for 2020, which include quantitative indicators for the various CSR themes. These were reorganized as the CSR Action Plan 2020. In implementing this plan, we will contribute to solving society's challenges and respond to stakeholder demands.

Daikin has formulated CSR Action Plan 2020, which sets targets for fiscal 2020 regarding four themes of CSR for value provision and five themes of fundamental CSR that we are working toward across the entire Daikin Group. Here, we report on the fiscal 2020 targets and the fiscal 2019 achievements regarding these themes.

	Key CSR Themes	About the CSR Initiatives	Fiscal 2020 Target
CSR for Value Provision	Environment Introduce state-of-the-art technologies to the market in order to address environmental and energy issue	Provide Environmentally Conscious Products and Services Worldwide <ul style="list-style-type: none"> Promote use of energy-efficient air conditioners, including inverter products Promote use of air conditioners using refrigerants with lower global warming potential Promote use of heat-pump heaters and hot water heaters Expand our environmental solutions business 	<ul style="list-style-type: none"> Through the worldwide adoption of environmentally conscious products, contribute to reducing greenhouse gas emissions 60 million tons-CO₂
		Minimize Environmental Impact in Production Activities <ul style="list-style-type: none"> Reduce greenhouse gases Manage and reduce chemicals Make effective use of water and other resources Promote green procurement 	<ul style="list-style-type: none"> Greenhouse gas emissions during development and production for entire Daikin Group 70% reduction over fiscal 2005 (reduced to 1.58 million tons-CO₂)
		Expand the Green Heart Circle of Love for the Earth <ul style="list-style-type: none"> Encourage employees to take part in environmental activities inside and outside work Promote environmental and social contribution activities 	<ul style="list-style-type: none"> Achieve Green Heart Factory certification for all production bases Preserve 11 million hectares of forest at 7 worldwide locations Implement and expand environmental activities in collaboration with stakeholders
	New Value Creation Share dreams and ambitions inside and outside Daikin to realize a healthy, comfortable lifestyle through air	Create New Value to Meet the Expectations of Customers and Society <ul style="list-style-type: none"> Value Creation for the Earth Value Creation for Cities Value Creation for People 	<ul style="list-style-type: none"> Use IoT and AI for open innovation that creates new value
	Customer Satisfaction Provide peace of mind and reliability through a focus on customer orientation, experience, performance, and advanced technologies	Provide Customers with the Ultimate Satisfaction <ul style="list-style-type: none"> Ensure safety and quality Pursue customer satisfaction 	<ul style="list-style-type: none"> Establish a high standard of quality Establish a service network covering the globe Grasp worldwide customer needs and pursue high customer satisfaction
	Human Resources Respect individual personalities and values, and maximize the potential of each employee so that they can benefit Daikin and society as a whole	Create a Work Environment Where Employees Can Use Their Talents to the Fullest through People-Centered Management <ul style="list-style-type: none"> Develop human resources Promote workplace diversity Promote occupational safety and health 	<ul style="list-style-type: none"> The ratio of excellent or advanced skilled engineers in manufacturing: 1 in 4 employees Increase percentage of overseas bases where local nationals are presidents Frequency rate (shows frequency of occurrence of labor accidents): 0
Fundamental CSR	Corporate Governance	Accelerate decision-making and operational execution in response to management tasks and the changing management environment, and raise the level of management transparency and soundness to raise corporate value	<ul style="list-style-type: none"> Degree of independence from the company, diversity, and transparency of the Board of Directors (Daikin Industries, Ltd. only) Thoroughness of compliance
	Respect for Human Rights	Show respect for basic human rights in accordance with all international norms based on the laws and regulations of each country and region	<ul style="list-style-type: none"> Thoroughness of respect for human rights
	Supply Chain Management	Fulfill corporate social responsibility through environmental impact reduction, quality assurance, and occupational safety and health throughout the entire supply chain	<ul style="list-style-type: none"> Conduct CSR procurement
	Stakeholder Engagement	Engage in dialogue with all members of society and reflect outside opinions in our business, and continuously examine our actions to ensure that we meet society's demands and expectations	<ul style="list-style-type: none"> Engage in dialogue with stakeholders and reflect this dialogue into management
	Communities	Respect the culture and history of different countries and regions, and create strong bonds with communities as a good corporate citizen	<ul style="list-style-type: none"> Contribution to environmental conservation, education support, and cooperation with the local community

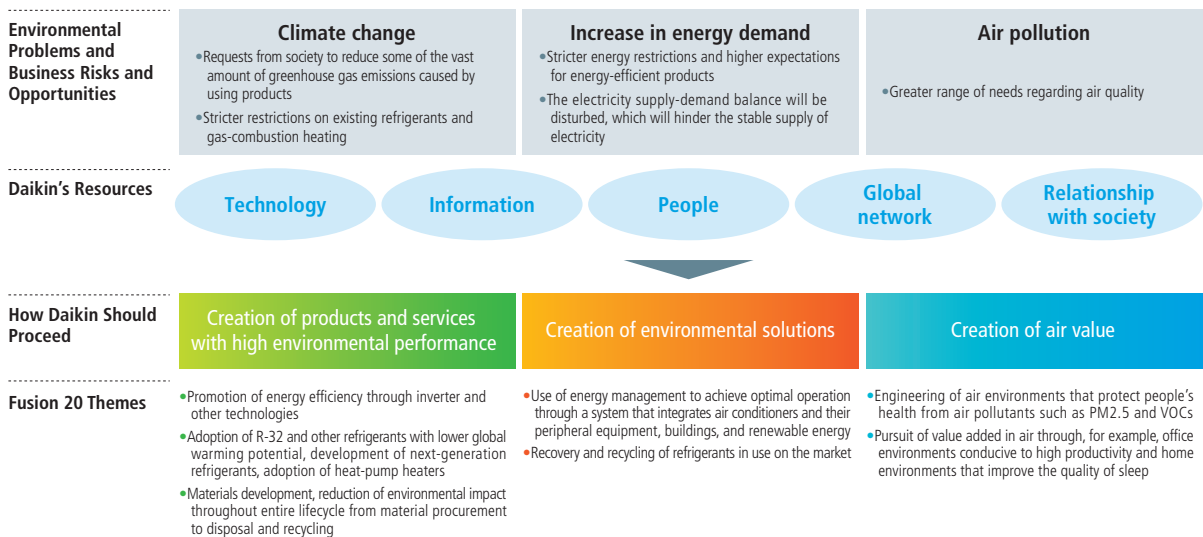
	Quantitative Index	Fiscal 2019 Achievements	Explanation of Index
	<ul style="list-style-type: none"> Through the adoption of environmentally conscious products, contribute to reducing greenhouse gas emissions 	<ul style="list-style-type: none"> 68 million tons-CO₂ 	We measured how much contributed to reducing greenhouse gas emissions through the adoption of Daikin's environmentally conscious products.
	<ul style="list-style-type: none"> Environmentally conscious products as a percentage of sales volume (residential air conditioners) 	<ul style="list-style-type: none"> 97% 	We measured how much we increased sales volume of air conditioners using inverter technology and refrigerants with lower global warming potential.
	<ul style="list-style-type: none"> Reduction ratio of greenhouse gas emissions from development and production (over fiscal 2005) 	<ul style="list-style-type: none"> 76% reduction (reduced to 1.28 million tons-CO₂) 	We measured how much we reduced greenhouse gas emissions generated in the product manufacturing and other processes.
	<ul style="list-style-type: none"> Number of factories certified as Green Heart Factories 	<ul style="list-style-type: none"> 39 bases (7 in Japan / 32 overseas) 	We measured the increase in the number of production bases that achieved Daikin's in-house standards for environmental action.
	<ul style="list-style-type: none"> Contribution to CO₂ emission reductions through forest preservation 	<ul style="list-style-type: none"> 7 million tons-CO₂ 	We measured contribution to CO ₂ emission reductions through forest preservation activities at 7 worldwide locations where we are working together with international NGOs and other groups.
	<ul style="list-style-type: none"> R&D expenditure 	<ul style="list-style-type: none"> 68 billion yen 	We measured how much we invested in value creation and how many new technologies we came up with.
	<ul style="list-style-type: none"> Number of patent applications 	<ul style="list-style-type: none"> Japanese applications: 957 Overseas applications: 513 (FY2018) (Daikin Industries, Ltd. only) 	
	<ul style="list-style-type: none"> Progress rate of after-sales services, regarding the base year as 1.00 	<ul style="list-style-type: none"> Japan: 1.14 Spain: 1.12 China: 1.04 India: 1.13 Indonesia: 1.03 Singapore: 1.00 Vietnam: 1.11 Australia: 1.00 	We measured how much we improved after-sales service customer satisfaction compared to the base year.
	<ul style="list-style-type: none"> The ratio of excellent or advanced skilled engineers in manufacturing 	<ul style="list-style-type: none"> 1 in 3.2 employees (Daikin Industries, Ltd. only) 	We measured the number of employees we trained, out of those involved in manufacturing, who possess advanced skills and knowledge and who can lead production activities.
	<ul style="list-style-type: none"> Percentage of overseas bases where local nationals are president 	<ul style="list-style-type: none"> 47% (overseas bases) 	We measured progress in appointing local nationals as presidents of overseas bases.
	<ul style="list-style-type: none"> Frequency rate 	<ul style="list-style-type: none"> 1.26 	We measured how well we succeeded in the safe operation of production bases.
	<ul style="list-style-type: none"> Number of directors who are outside the company, women, and foreign nationals 	<ul style="list-style-type: none"> 4 outside directors, 1 female director, 1 foreign national director (Daikin Industries, Ltd. only) 	We measured the diversity of the make-up of directors.
	<ul style="list-style-type: none"> Self-assessment implementation rate 	<ul style="list-style-type: none"> 99% 	We measured how well we did in compliance through the implementation rate of self assessments.
	<ul style="list-style-type: none"> Self-assessment implementation rate 	<ul style="list-style-type: none"> 99% 	We measured how thorough we were in respect for human rights through the implementation rate of self assessments.
	<ul style="list-style-type: none"> CSR procurement rate 	<ul style="list-style-type: none"> 99% 	We measured the percentage of suppliers that achieved Daikin's in-house standards.
	<ul style="list-style-type: none"> Number of air conditioner forums held, number of outside participants 	<ul style="list-style-type: none"> 6 forums held in 5 worldwide regions; 125 participants from 31 countries; university professors, specialists, etc. 	Among the engagement activities, the number of times dialogue was held with key figures from around the world on air conditioning, a core Daikin business.
	<ul style="list-style-type: none"> Expenditure for social contribution activities 	<ul style="list-style-type: none"> 1.5 billion yen 	We calculated the monetary amount, through donations, goods, and other ways, that we provided to communities.

Environmental Vision 2050

Adopted in 2015, the Paris Agreement contains a target for the latter half of this century of reducing greenhouse gas emissions to net zero and limiting global warming by less than 2°C compared to pre-industrial levels. In the spirit of the Paris Agreement, Daikin has formulated Environmental Vision 2050, with a target of reducing greenhouse gas emissions to net zero by 2050. Besides reflecting this vision in the final three years of the Fusion 20 Strategic Management Plan, we are making a medium- to long-term strategy with targets for 2030.

Formulation of Environmental Vision 2050

Looking long term, we have predicted how society will change by 2050 and have made a list of the risks and opportunities for Daikin's business. Based on this, we have set a direction we must take in using our resources to solve environmental problems.



Environmental Vision 2050

We will reduce the greenhouse gas emissions generated throughout the entire lifecycle of our products.

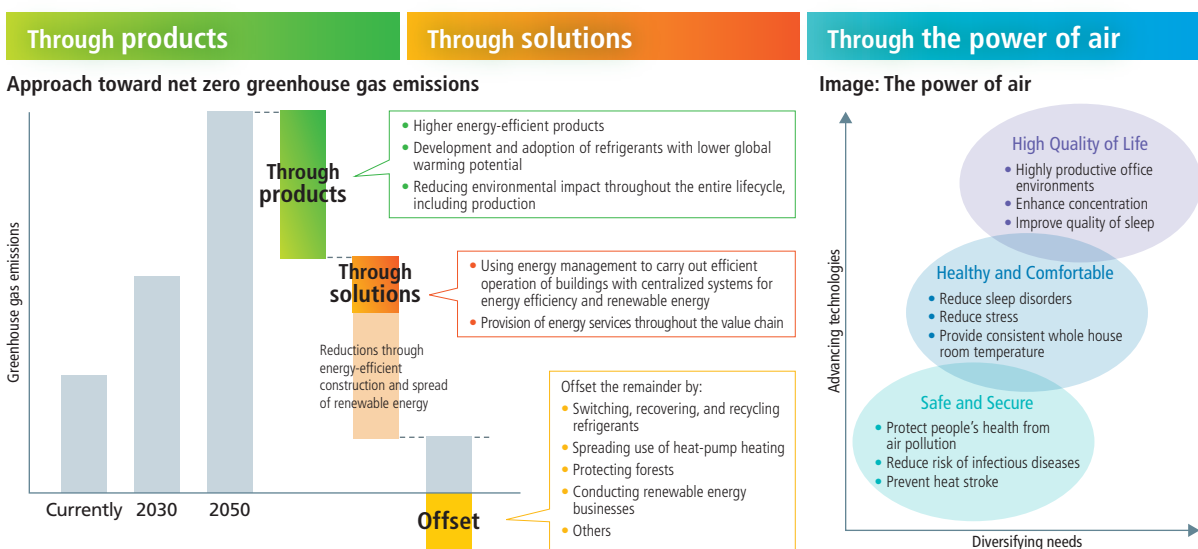
Furthermore, we are committed to creating solutions that link society and customers as we work with stakeholders to reduce greenhouse gas emissions to net zero.

Using IoT and AI, and open innovation attempts, we will meet the world's needs for air solutions by providing safe and healthy air environments while at the same time contributing to solving global environmental problems.



Making a Medium- to Long-Term Strategy toward Achieving Environmental Vision 2050

As a result of analyzing our future air conditioner business so that Daikin products can bring the world new added value for air, and so that our products and solutions can help achieve net zero greenhouse gas emissions, we will formulate targets for 2030, integrate them into the Fusion Strategic Management Plan, and implement measures as action plans.



Growth Strategy Based on Risks and Opportunities

Future predictions about the sharp increase in demand for space cooling represent an important opportunity for us because air conditioning is our core business. At the same time, the increase in electricity consumption and greenhouse gas emissions attributed to air conditioning represents a major risk to the continuity of the air conditioning business in a society that demands de-carbonization because climate change is a worldwide issue.

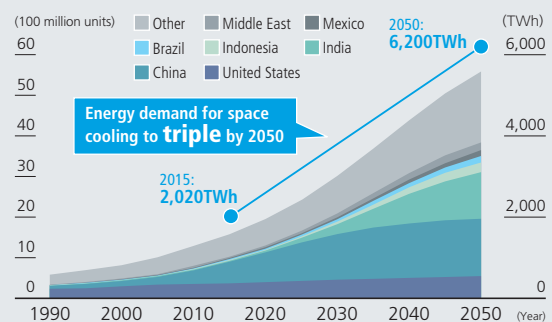
Therefore, in addition to mitigating environmental and climate change impacts by curtailing electricity consumption and preventing refrigerant leakage, we will develop and spread higher energy-efficient air conditioners and refrigerants with a lower global warming potential. We will also create new environmental solutions, such as the efficient utilization of energy tied to buildings. This will enable us to balance contributions to social issues including climate change with the further growth of our businesses.

Forecast from the IEA's *The Future of Cooling*

In May 2018, the International Energy Agency (IEA) released *The Future of Cooling*. The report looks at air conditioners and how the rise in use is driving global energy demand.

According to *The Future of Cooling*, estimates are for space cooling demand to rise rapidly and for energy demand for space cooling to triple by 2050.

Worldwide air conditioner stock (number of units) and electricity demand



For Daikin, climate change represents one important issue affecting its business continuity. In May 2019, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*, which aims to mitigate the risk of instability in financial markets caused by climate change.

We reflect the risks and opportunities posed by climate change in management strategy and risk management. At the same time, we will disclose progress appropriately and aim for further growth while contributing to a carbon-free society.

* TCFD was established in 2015 by the Financial Stability Board. It recommends that companies disclose information about the financial impacts of climate change after evaluating related business risks and opportunities.

Daikin's Response to TCFD's Recommended Disclosures

<p>Governance The organization's governance around climate-related risks and opportunities</p>	<ul style="list-style-type: none"> ● Establish climate-related issues as important CSR issues of Daikin and manage them at the executive management level through the CSR Committee, chaired by the officer in charge of CSR ● The CSR Committee discusses Daikin's initiatives, targets, risks and opportunities concerning climate change, follows up on results, and reports to the Board of Directors
<p>Strategy The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning</p>	<ul style="list-style-type: none"> ● Analyze the climate scenarios based on <i>The Future of Cooling</i> by the International Energy Agency (IEA) ● Demand for air conditioning is expected to more than triple current levels by 2050; while there is the risk of stricter energy regulations for air conditioning and tighter regulations on refrigerants with a high global warming potential, this will also be an opportunity for Daikin to expand its strengths of highly environmentally conscious products and services ● Environmental Vision 2050 calls for net zero greenhouse gas emissions by 2050; the setting of targets for 2030 and main measures for this realization will be crystallized in the next strategic management plan
<p>Risk Management Process for identifying, assessing and managing climate-related risks</p>	<ul style="list-style-type: none"> ● Gather information on climate risks from business bases around the world based on scenario analysis, evaluate priorities, and specify climate risks that should be reflected in strategy ● Position climate risks as strategic risks, as part of the risks that significantly impact Daikin's business strategy, and integrate them into the company-wide risk management process ● Check the status of company-wide risk management by the Internal Control Committee chaired by the President and CEO, and report to the Board of Directors
<p>Metrics and Targets The metrics and targets used to assess and manage relevant climate-related risks and opportunities</p>	<ul style="list-style-type: none"> ● Under Environmental Vision 2050, aim to reduce greenhouse gas emissions to net zero by 2050 ● Currently reviewing targets for 2030 in conjunction with formulation of the next strategic management plan

Climate Related Risks and Opportunities and Potential Impacts

Category		Impact on Daikin's business	Probability of occurrence	Potential financial impacts
Risks	Transition	<p>Stricter regulations on refrigerants If regulations on refrigerants become too strict, there is a possibility that existing air conditioners no longer compliant with these regulations will become obsolete.</p>	High	Large
		<p>Tight supply and demand for electricity There is a possibility that the spread of air conditioners in emerging countries will increase electricity usage and make it difficult to increase sales of air conditioners due to electricity shortages.</p>	High	Large
	Physical	<p>Damage to production bases There is a possibility that flooding caused by typhoons could cause our plants to shut down or stop the supply of parts due to the shutdown of suppliers .</p>	Medium	Medium
Opportunities	Transition	<p>Stricter regulations on refrigerants Companies without technologies compliant with regulations on refrigerants will be weeded out, resulting in increased sales of air conditioners using refrigerants with lower global warming potential, which is our strength</p>	High	Large
		<p>Stricter regulations on energy efficiency Companies without technologies compliant with stricter regulations on energy efficiency will be weeded out, resulting in increased sales of air conditioners with high energy efficiency, which is our strength</p>	High	Large
		<p>Stricter regulations on the use of fossil fuels Regulations on the use of fossil fuels continue to become stricter, and since gas-combustion heaters will be subject to them, there will be an increase in sales on growing demand for heat-pump heaters, which is our strength</p>	High	Large

CSR for Value Provision

Environment (See pages 17–18)

Introduce state-of-the-art technologies to the market in order to address environmental and energy issue

New Value Creation (See pages 19–20)

Share dreams and ambitions inside and outside Daikin to realize a healthy, comfortable lifestyle through air

Customer Satisfaction (See pages 21–22)

Provide peace of mind and reliability through a focus on customer orientation, experience, performance, and advanced technologies

Human Resources (See pages 23–24)

Respect individual personalities and values, and maximize the potential of each employee so that they can benefit Daikin and society as a whole



Feature

Launched New Refrigerant Service in Europe Contributing to a Circular Economy

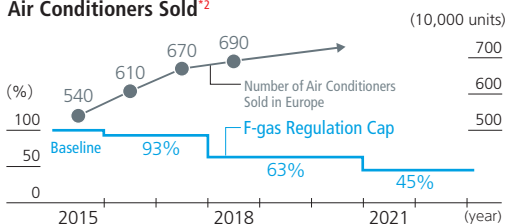
Why is it important?

Proper and Continued Use of Refrigerant is Essential to the Stable Supply of Air Conditioners

The EU is taking regulatory action (F-gas Regulation)^{*1} to control the total consumption of HFC refrigerants in order to reduce global warming due to fluorocarbons.

However, with global demand for air conditioners using refrigerants increasing, tight supply-demand has caused the price of refrigerants to soar. To continue a stable supply of air conditioners essential to a healthy and comfortable lifestyle, it is important to switch to refrigerants with lower environmental impact as well as recycle and reuse existing refrigerants.

European F-gas Regulation Cap and Number of Air Conditioners Sold^{*2}



^{*1} The EU F-gas Regulation aims to reduce the total consumption of HFCs (global warming impact conversion of production volume + import volume - export volume) in stages.

^{*2} Compiled by Daikin based on the market demand data by the Japan Refrigeration and Air Conditioning Industry Association.

DAIKIN'S APPROACH

Proposing the Circular Use of Refrigerants in Europe that Contributes to a Circular Economy

In anticipation of tighter regulation on total consumption volume, Daikin launched the service in Europe for the circular use of refrigerants. Based on the philosophy of a circular economy, we aim to shift from linear use of products that are manufactured, consumed, and disposed to a model of continuous recovery and reuse of resources.

Currently, when air conditioners are disposed of, refrigerants inside them are destroyed following recovery. However, refrigerants can be reused repeatedly by removing impurities. Such circular use reduces the amount of new refrigerants being brought to market.

Daikin has established a refrigerant reclamation facility in Germany, harnessing its expertise in air conditioning and chemicals. At the same time, we are working with A-GAS, a UK-based company that recovers and reclaims refrigerants. Following this established route, in June 2019, Daikin launched sales of the multi-split type air conditioner VRV L∞P for commercial buildings, which utilizes reclaimed refrigerants.

DAIKIN'S PERFORMANCE

Helping Address Customer and Societal Challenges Using an Industry-first Mechanism

We sold 14,000 units of VRV L∞P in the first 10 months since its release. As a result, the amount of new refrigerants being used in multi-split type air conditioners for commercial buildings that Daikin sells in Europe has been reduced by about 40%.

To further promote the circular use of refrigerants, Daikin offers a combined service where refrigerant recovery from used air conditioners is offered together with VRV L∞P sales to major customers as they replace their air conditioners. To reassure customers with concerns over future refrigerant shortages, we offer to temporarily store recovered refrigerants and guarantee their required refrigerants will be in stock at the time of maintenance. This service offers a solution that ensures recovered refrigerants are reclaimed and put back into circular use as resources. This service has already seen sales increase in the Netherlands after gaining popularity among environmentally conscious customers.

In the Netherlands, the service was adopted by Action, which operates retail store chains in Europe. Used refrigerants are gradually being recovered from stores undergoing renovation, while VRV L∞P units are installed in new stores. To date, recovery has been completed at 12 stores operated by the company, with 30 more scheduled. Going forward, Daikin will be expanding the service area to other European countries.

Voice

Establishing a Circular Economy for Refrigerants within Our Store Network

Michiel Coolen

Head of Construction Europe at Action

We are further mitigating our company's impact on the environment by recycling and reusing refrigerants instead of disposing of them and increasing waste.

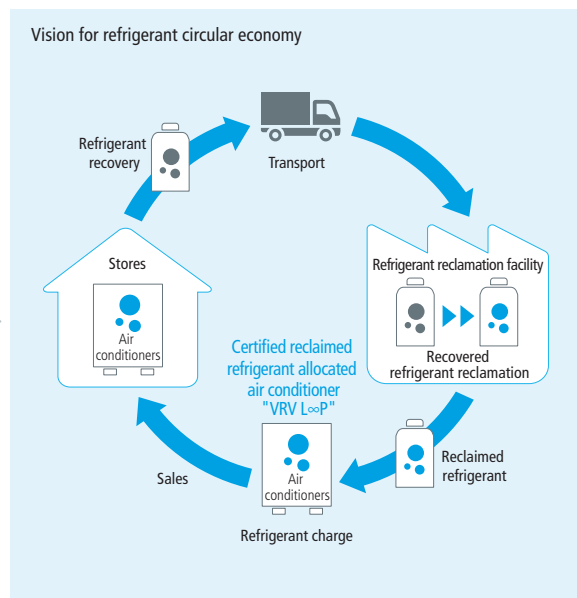
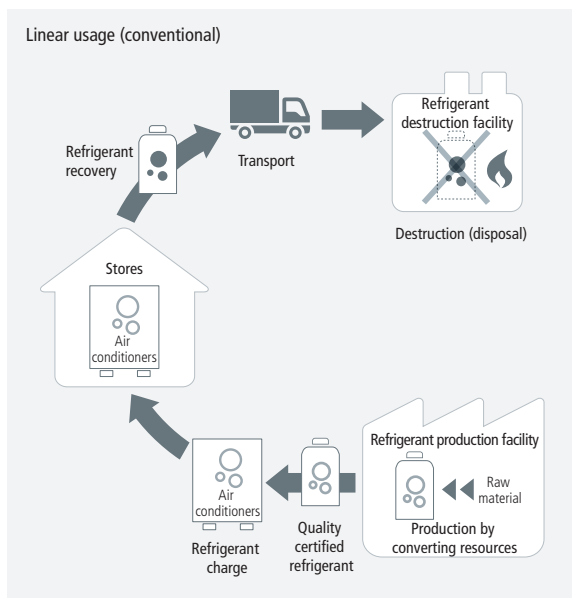
NEXT CHALLENGE

Establishing an Economically Viable System and Quickly Promoting the Circular Use of Refrigerants

Although refrigerant recovery assuming final destruction and disposal is mandatory in Japan and Europe, the rate of recovery has yet to grow markedly.

To boost the recovery rate, it is crucial that society shares the notion of the critical need for recovering and reusing refrigerants for the future. Additionally, collaboration and partnerships with the government and industry are essential in order to establish economically viable systems in each region. Daikin is working with their partners to make a circular ecosystem of refrigerants a reality and promote the practice outward from Europe to the rest of the world.

Circular Ecosystem of Refrigerants Proposed by Daikin





Feature


Delivering Healthy and Comfortable Air Environments and Spaces to Africa with Collaborative Innovation

Why is it important?

Many People Still Cannot Afford Air Conditioning

Air conditioners are essential for maintaining health and improving productivity. In Africa, however, air conditioners have yet to spread even in electrified regions because of the cost of installation and recurring electricity charges. For this reason, a new business model is needed to spread energy efficient air conditioners tailored to the market characteristics of Africa, so that more people can reap the benefits of a healthy and comfortable air environment.

Situation in Tanzania—Location of Demonstration

 <p>United Republic of Tanzania</p>	Population.....	56.32 million*1
	Poverty rate.....	49% *2
	Electrification rate.....	30% *3
	Mobile phone penetration rate.....	75% *4
	Usage rate of mobile money among mobile phone users.....	62% *4

*1 Source: Basic data from Japan's Ministry of Foreign Affairs

*2 Source: Poverty Rate based on International Poverty Line (rate of people living on less than 1.9 US dollars per day) by the World Bank

*3 Source: BOP Market Survey Report by the Japan External Trade Organization (JETRO)

*4 Source: Global Attitudes & Trends by Pew Research Center

DAIKIN'S APPROACH

Conducted Demonstration in Tanzania Jointly with Local Start-up

Daikin is promoting collaborative innovation through partnerships with companies, research institutes, and universities, mainly spearheaded by the Technology and Innovation Center (TIC), our R&D hub. In November 2019, we committed to investing 11 billion yen in start-up companies over the five-year period up to 2024, and established the TIC CVC Office to promote co-creation with these companies. We are now speeding up new business creation together with start-ups from around the world slated for success with advanced technologies or innovative ideas.

As the first project, we invested 300 million yen in WASSHA Inc. and conducted a demonstration on a novel approach to the air conditioning business in Tanzania. WASSHA is a growing company that provides electricity services to non-electrified areas of Africa. Taking advantage of the country's high penetration rate of mobile phones, the company uses a subscription-based business model and "pay-as-you-go" system to rent out LED lanterns and rechargeable solar panels to users who pay upfront with mobile money.

DAIKIN'S PERFORMANCE

First-ever Fixed Rate Subscription Service for Air Conditioning in Emerging Country

Daikin focused on WASSHA's business model of providing pay-as-you-go services to people in need. In Tanzania, the mainstream type of air conditioner offers a relatively inexpensive installation cost but is not very energy efficient. As a result, the high cost of electricity has become an obstacle to the spread and use of air conditioners.

In response, Daikin identified a novel business model of renting energy efficient air conditioners to small stores and homes at a fixed rate. Such a subscription-based business model for air conditioning is the first of its kind in an emerging country. As a result, users have access to Daikin's highly energy efficient air conditioners without having to purchase the entire unit outright and they can reduce electricity charges.

The demonstration was conducted for three months starting in November 2019 in Dar es-Salaam, the economic center of the country. During the demonstration, air conditioners were installed at cooperating stores and homes to closely examine demand and review the viability of the business model. The results of the demonstration showed that electricity charges can be cut in half by using Daikin's energy efficient air conditioners. The effects were highly praised by not only participants dissatisfied with the high cost of

electricity, but also participants who otherwise could not afford to purchase an air conditioner. Stores were billed continuously and the air conditioner utilization rate was upward of 90%. People who heard about the demonstration came to participating stores to see for themselves or contacted the WASSHA office directly, signing a contract on the spot. This illustrates strong latent demand for air conditioning exists locally. Business inquiries about this service ultimately more than tripled the expected volume, which confirmed the business viability.



Voice

Increasing the Customer Base of Air Conditioners

Satoshi Akita
CEO, WASSHA Inc.

In many African countries air conditioning has yet to spread to homes and small stores. We believe this business will provide great value to society by providing the new option of a pay-as-you-go service for people who were otherwise unable to afford an air conditioner in the past. Our goal is to bring a comfortable air environment to everyone around the world, regardless of income level.

Co-creation Between WASSHA and Daikin

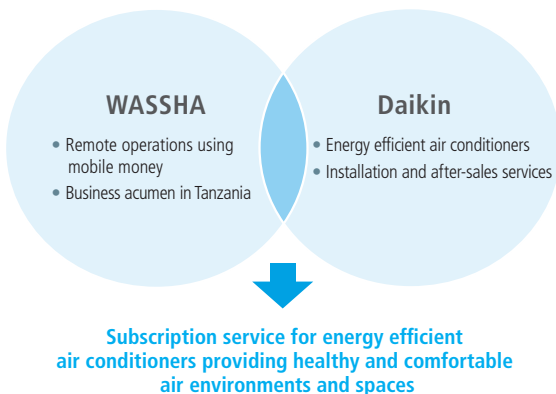
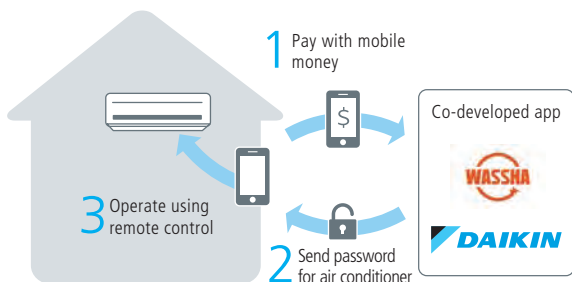


Illustration of Air Conditioner Subscription



NEXT CHALLENGE

Bringing a Healthy and Comfortable Air Environment to People Around the World with Full-fledged Launch in Fiscal 2020

Going forward, we will build a payment system using mobile money jointly with WASSHA, and plan to fully launch the business in fiscal 2020. Regarding ancillary services such as installation and repairs, which pose challenges, we will conduct technical training locally, which will create jobs and improve quality.

Through this new business model of delivering air conditioners with low start-up and running costs to low income people, Daikin will continue to give people around the world access to a healthy and comfortable air environment.



Feature

Developing Fluorochemicals for a Digital World using Co-Creation with Customers

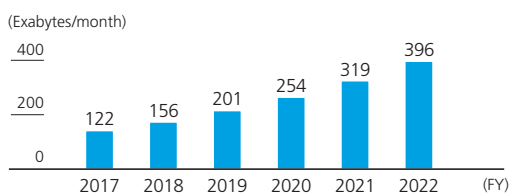
Why is it important?

Growing Expectations for Materials Innovation to Power the Evolution of ICT

The rapid spread of ICT networks is changing the world. The launch of the fifth generation of mobile communication networks (5G) will require more communications infrastructure and equipment used in data centers along with technology for sending vast amounts of data quickly and compactly. In terms of semiconductors, for example, efforts are underway for miniaturization and higher integration, while for LAN cables, efforts are focused on improving performance and security.

Fluorine materials have been proven to increase the performance of ICT equipment. For this reason, there are growing expectations surrounding these materials.

Global ICT Traffic and Future Forecast



Source: Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2017–2022

DAIKIN'S APPROACH

Increasing Collaboration with Customers with an Eye Toward Value Creation for Society

Daikin is both a manufacturer of air conditioners and fluorine materials. Since becoming the first in Japan to commence research on fluorocarbon gas in 1933, we have established an integrated R&D system spanning from molecular design to processing. Today, we manufacture more than 1,800 types of fluorine materials, including polymers, rubbers, and gases, which support many industries. Fluorine is highly resilient against heat and chemicals, while offering excellent electrical conductivity and insulating properties. Daikin is now working alongside customers on value creation that will contribute to the evolution of ICT by harnessing these key characteristics.

Characteristics and Example Applications of Fluorine Materials

<p>Clean</p> <p>As a highly accurate etching agent in the semiconductor manufacturing process</p>	<p>Heat and flame resistant</p> <p>Insulating</p> <p>As an insulating, flame resistant covering material for LAN cables</p>
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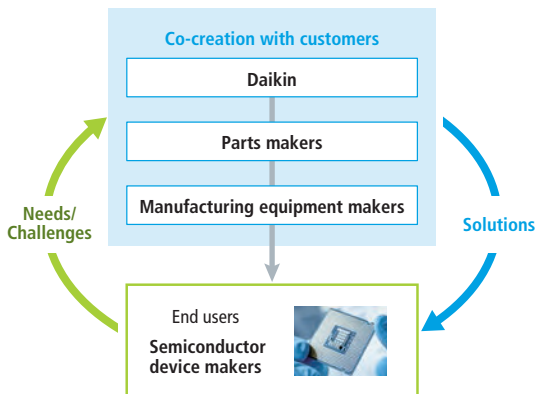
DAIKIN'S PERFORMANCE

Helping Improve Quality and Provide Solutions for Customers and End Users

In the semiconductor field, parts makers are the direct customers of Daikin as a materials maker. In turn, our customers are suppliers to manufacturing equipment makers and semiconductor device makers as the end user. In recent years, Daikin is focusing on proposal activities as a development partner, in addition to satisfying the costs and workability requirements of customers. We visit end users together with customers to better grasp technical challenges and then work together to find solutions.

For example, the density of semiconductors has increased more than 10 times over the past decade. Daikin's etching agents have also contributed to the miniaturization of semiconductors which was responsible for some technological innovation. To develop etching agents that enable circuit miniaturization because of their high performance and ease of handling, for many years we have continued our efforts to find optimum new materials and propose original compounds.

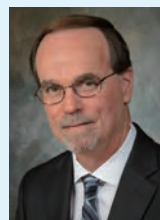
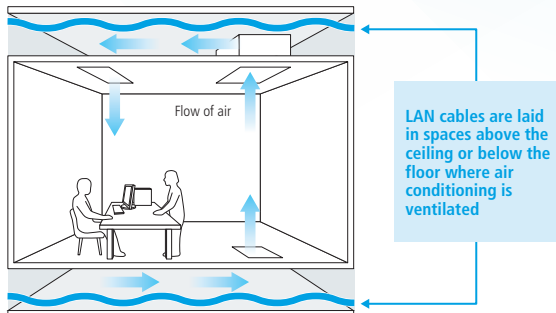
Co-creation with Customers in the Semiconductor Field



In the field of LAN cables for buildings, we supply highly flame resistant fluorine covering material to the North America market. Office buildings in North America require the use of LAN cables that do not cause the spread of fire. This is because structurally speaking internal wiring is susceptible to spreading a fire inside a building because the area where it is laid has a high degree of air permeability. Daikin not only proposes materials to cable maker customers, but also participates in the creation of standards for the cable industry. We are also contributing to technical development for the entire industry, by examining the risk of fire and weaker communication speeds associated with increased ICT traffic and electrical current.

In this manner, Daikin continues to propose new solutions through technological development that benefits customers and society.

Example of LAN Cable Usage in North America



Voice

We Will Continue with Useful Product Development for Customers

Dan Kennefick
Daikin America, Inc.

We have long-standing experience in the cable market, and thanks to our strong connections with customers, we can, along with our partners, identify needs in a multifaceted manner. Looking ahead, we will continue to create products that benefit customers and society from a customer-first perspective, through product development jointly with customers after identifying the latest trends in a constantly changing world.

NEXT CHALLENGE

Expanding Solutions using Fluorochemical Technologies that Contribute to the Development of Society

Fluorochemical technologies are at the heart of solutions for various cutting edge fields, not only ICT, but also automobiles and new energy. Daikin is committed to being the first to identify customer needs around the world using collaboration among sales, marketing and development. Our goal is research and development that satisfies these needs.

Going forward, we will utilize our open innovation lab with locations around the world to speed industry-academia partnerships and co-creation with other companies. In turn, we will continue to work on innovative themes for the future, such as developing new products through combinations with other materials.



Feature

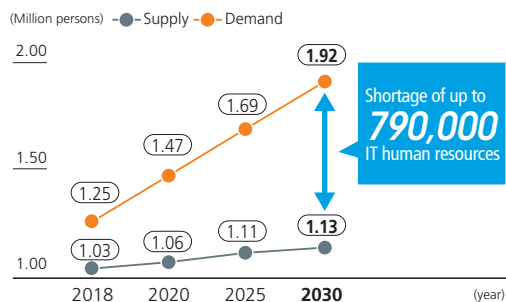
Daikin's Unique Approach to Developing AI and IoT Human Resources for Driving Innovation

Why is it important?

AI and IoT are Vital to the Creation of High Value Added Products and Services

With the arrival of the Fourth Industrial Revolution, the shortage of human resources capable of using artificial intelligence (AI) and the Internet of Things (IoT) has become a social issue. To achieve sustainable growth, Daikin must develop the human resources that can create higher value added products and services by linking AI and IoT to our own businesses and technologies.

Estimated Shortage of IT Human Resources in Japan



Source: Compiled by Daikin based on *Survey on Demand for IT Human Resources (Upper Growth Scenario) (April 2019)* by Japan's Ministry of Economy, Trade and Industry.

DAIKIN'S APPROACH

Established DICT as Part of Industry-Academia Collaboration

In December 2017, with the full cooperation of Osaka University, with which we have a comprehensive collaboration agreement mainly in informatics, Daikin established Daikin Information and Communications

Classes at Daikin Information and Communications Technology College

For current employees

AI Utilization (For Managers)

Fosters human resources who can plan and implement business or operational improvements utilizing AI and IoT

AI Technology Development

Fosters human resources who can develop AI technology

Systems Development

Fosters human resources who can engage in development needed to introduce AI into company systems

For new employees

Fostering AI and IoT Human Resources

Fosters human resources in AI and IoT solutions unique to Daikin who understand air conditioning technology, etc.

For all employees

AI Utilization

Raises awareness about improving AI literacy

Technology College (DICT) to foster human resources who can utilize and implement AI and IoT. DICT provides employees selected from a wide range of departments with unique training curriculum developed in-house.

During training, participants take part in lectures on basic knowledge of AI and how to use this technology, led by instructors from Osaka University. DICT also incorporates project based learning (PBL) based on actual challenges facing each department to foster experts who can utilize AI and IoT in business development and technological development.

DAIKIN'S PERFORMANCE

Fostering the Ability to Utilize AI and IoT to Resolve Frontline Challenges

Since fiscal 2018, we have held classes to foster AI and IoT human resources among new employees. Every year, 100 newly hired employees undergo intensive training at DICT for a period of two years. During the first year, participants acquire specialist knowledge in AI and IoT and learn about our core technologies, including air conditioning technology. In year two, one to two participants undergo practical training on one of more than 80 themes submitted by development, manufacturing, and sales departments. Through this PBL, participants master the ability to utilize the AI and IoT knowledge and technologies they learned in their first year on the frontlines by

Example of PBL 1: Improving Production Efficiency at Plants

Challenge	Production efficiency under a high-mix production system, which creates only the right number of products when needed, is determined by the accuracy of the production plan. However, there are gaps in accuracy because the production plan is formulated based on the experience of each person in charge and past results of production.
Aim	Develop an analysis tool that will support the formulation of the optimum production plan and that is easy to use by persons in charge. By increasing the accuracy of planning, increase production efficiency as well as rein in manufacturing costs and energy usage.

Example of PBL 2: Forecasting Sales for Residential Air Conditioners

Challenge	The shipment plan for a product is based on the sales forecast computed by a person in charge referencing past tendencies. However, actual sales of residential air conditioners are influenced by weather and temperature, making it difficult to create an accurate sales forecast.
Aim	Analyze big data covering past sales results and weather forecasts. Use the findings to determine a highly accurate sales forecast and the optimum shipment plan, which will ensure inventory is in stock and products are delivered to customers in the necessary amount at the right time.

identifying requests or issues from persons in charge representing a variety of departments and then proposing improvements. After the end of the program, participants are expected to not only employ their new knowledge and skills on the frontlines of our operations, but also play a key role bridging the company with outside entities and connecting departments together by promoting the utilization of AI and IoT company-wide.

In addition, it is vital to promote greater understanding of AI and IoT within the company to empower these human resources. For this reason, we are making efforts to increase literacy internally through lectures for managers and e-learning for all employees.



Voice

Providing Advanced Solutions with Systematic AI Knowledge

Yasushi Yagi
President, Daikin Information and Communications Technology College (Professor, The Institute of Scientific and Industrial Research, Osaka University)

AI and IoT technologies are keys to further upgrading the potential of manufacturing and industry. It is critical that we take a deep dive into learning and utilizing these technologies.

Above all else, learning must be fun. It must be a joy. By having them enjoy their two years at DICT, it is my hope that new Daikin employees acquire systematic AI knowledge and grow into "specialist human resources in advanced IT" that contribute to solving various issues not only at Daikin but for society as a whole.

NEXT CHALLENGE

Creating Innovation by Linking Our Technologies, Products and Services with AI and IoT

Daikin intends to train around 1,000 employees, including both current and new employees, to become human resources that can utilize AI and IoT by fiscal 2021.

In addition to fostering AI and IoT human resources to promote smarter production processes, prediction of product faults, and streamlining of operations, we will combine Daikin's core technology, products and services to create new innovation and contribute to solutions to energy and environmental issues as well as the further development of industry and technology.

“Forests for the Air” Project

Approximately 10% of the world’s greenhouse gas emissions are a result of land use by people. In addition to conducting its business, Daikin contributes to the reduction of greenhouse gas emissions by carrying out forest conservation.

Project Contributes to Society through Reforestation and Forest Conservation

Regions around the world are seeing their forests disappear mainly due to people clearing land for agriculture and logging. Behind these actions lies the problem of poverty.

In response, Daikin is supporting local residents through global partnerships in seven regions around the world.

The goal for the project’s 10-year period is to conserve forests covering some 11 million hectares and in the process contribute to reducing 7 million tons of CO₂ emissions by 2024.

Sustainable Development Goals



In September 2015, the United Nations adopted “Transforming our world: the 2030 Agenda for Sustainable Development” and established the Sustainable Development Goals (SDGs) in an effort to solve worldwide problems related to issues such as poverty and energy. The SDGs comprise 17 goals for solving worldwide problems, with 2030 as the target year for achievement of these goals.

CONSERVATION INTERNATIONAL



SHIRETOKO NATURE FOUNDATION



© ICMBio / Sueli Pontes



Brazil

Amapá Biodiversity Corridor

The project focuses on training villagers to effectively use forest resources so that they can continue utilizing the blessings of nature while also enjoying economic development.

Under this project, 43 households have seen their income increase by 20% as a result of making products out of forest raw materials.



© Conservation International/photo by Borwen Sayon



Liberia

East Nimba Nature Reserve

The project’s aim is to promote coexistence with wildlife and provide education on sanitary methods, while at the same time eliminating actions such as poaching and shifting cultivation.

51,000 people in 18 villages have received environmental education.



China

Mountains of Southwest China

Local farmers are working to prevent overgrazing by livestock and shift away from the use of chemical fertilizers. The project also uses scientific data to aid in improving agriculture and planting fruit trees.

Under the project, 26,700 fruit trees have been planted.



© Conservation International / photo by Biao Yang



Japan

Shiretoko, Hokkaido

Daikin employees are involved in ongoing volunteer activities in the Shiretoko Peninsula with the aim of protecting ecosystems and ensuring that future generations can enjoy the region's abundant nature.

A cumulative total of 196 Daikin employees have gone to Shiretoko to take part in activities to rejuvenate forests.



© Conservation International / Photo by Lykhim Ouk



Cambodia

Central Cardamom Protected Forest

To give locals a source of income through utilization of the region's beautiful environment, the project makes eco-tourism plans and trains villagers to run and manage eco-tourism businesses.

A total of 204 people have taken eco-tourism training and participated in events.



India

North Western Ghats

Villagers are provided with efficiently burning cooking stoves, which means they don't have to cut down as many trees for fuel wood. And less smoke from these stoves reduces adverse effects on health.

343 improved cooking stoves have been introduced, and their use has resulted in approximately 8,600 fewer trees that need to be cut down for fuel wood.



© AERF India/photo by Jayant Sarneik



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Indonesia

Java Island

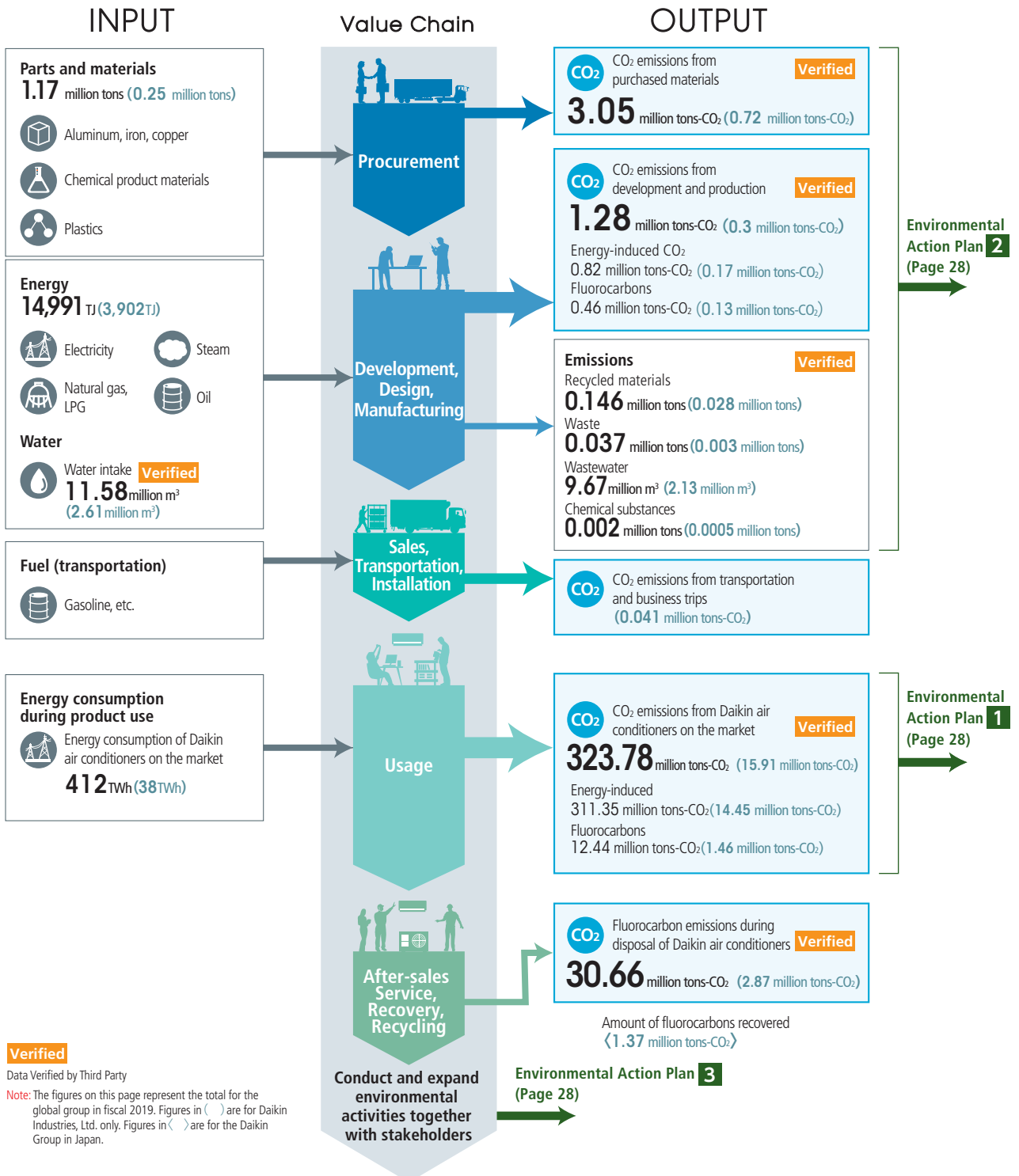
The project provides homes in the region with running water from the plentiful forest and electricity generated by hydroelectricity. With their lives now more convenient and sanitary, villagers have come to better understand the value of the forest and they now earnestly take part in ongoing forestation.

Clean water has been provided to 802 households under this project.

Environment

Overview of Environmental Impact

The Daikin Group measures the impact that its business activities have on the environment throughout the value chain: in materials procurement, development, production, transportation, installation, product use, recovery, and recycling. Air conditioners are products that consume large amounts of electricity, and within their product lifecycle, the energy consumed during product use makes a particularly large contribution to climate change.



Environmental Action Plan 2020

Under our Environmental Action Plan 2020, which targets fiscal 2020, we are taking actions based on three pillars: **1** provide environmentally conscious products and services, **2** minimize environmental impact through manufacturing and other activities, and **3** expand the Green Heart circle worldwide.

Because air conditioners, our flagship product category, emit a large amount of CO₂ when used, we are focusing on disseminating worldwide the use of energy-efficient air conditioners and air conditioners that use low-global-warming-potential refrigerants. We set a target of reducing worldwide greenhouse gas emissions in fiscal 2020 by 60 million tons-CO₂. Calculations show that in fiscal 2019 we achieved the reductions of 68 million tons-CO₂.

In efforts to reduce environmental impact in production activities, we set a target of reducing greenhouse gas emissions in fiscal 2020 to 1.58 million tons-CO₂ (70% reduction over fiscal 2005). In fiscal 2019, we succeeded in lowering these emissions to 1.28 million tons-CO₂.

★★★★ : Succeeded ★★★ : Will soon succeed ★ : Doing all we can

Action targets		Fiscal 2020 target	Fiscal 2019 target	Fiscal 2019 results	Self-assessment
1 Provide Environmentally Conscious Products and Services Worldwide					
Contribute to reducing GHG emissions by spreading the use of the following products <ul style="list-style-type: none"> ● Energy-efficient air conditioners such as inverter products ● Air conditioners using refrigerants with lower global warming potential ● Heat-pump heaters and hot water heaters ● Environmental solutions business 		Contribution to greenhouse gas emission reductions ^{*1} 60 million tons-CO ₂	57 million tons-CO ₂	68 million tons-CO ₂	★★★★
		Increase in selling ratio of environmentally conscious products ^{*2}		Sales volume of environmentally conscious products as percentage of residential air conditioners 97%	★★★★
2 Minimize Environmental Impact in Production Activities					
Greenhouse Gas	Emission Reductions	70% reduction over fiscal 2005 (reduction to 1.58 million tons-CO ₂)	74% reduction	76% reduction (reduction to 1.28 million tons-CO ₂)	★★★★
	Reduction of Energy-Induced CO ₂ Emissions	Unit reduction in energy-induced CO ₂ emissions of 5% against standard value ^{*3}	4% reduction	16% reduction	★★★★
Emissions		Unit reduction in emissions of 5% against standard value ^{*3}	4% reduction	13% reduction	★★★★
Water		Unit reduction in water intake of 5% against standard value ^{*3}	4% reduction	16% reduction	★★★★
Chemicals		Unit reduction in chemical emissions of 5% against standard value ^{*3}	4% reduction	14% reduction	★★★★
Green Procurement		Increase in green procurement rate ^{*4}		80%	★★★★
3 Expand the Green Heart Circle of Love for the Earth					
Carry out and expand environmental activities in collaboration with stakeholders	Encourage employees to take part in environmental activities inside and outside work	Certify all production bases as Green Heart Factories ^{*5}		39 bases certified (7 in Japan, 32 overseas)	★★
	Promote environmental and social contribution activities	Carry out forest protection activities with NGOs and other groups Educate the younger generation about the environment		Reduce emissions by 7 million tons-CO ₂ Provide free learning materials to 1,800 students	★★★★

*1 Difference between emissions from all Daikin environmentally conscious products and emissions from non-inverter products, air conditioners using conventional refrigerants, and gas-combustion heaters and hot water heaters.

*2 Products that satisfy either or both of the following conditions: consume at least 30% less electricity than conventional products, or use refrigerants with at least two-thirds less global warming potential than conventional refrigerants.

*3 Average for fiscal 2013-2015.

*4 The procurement value of suppliers that met the evaluation criteria as a percentage of the company's total procurement value.

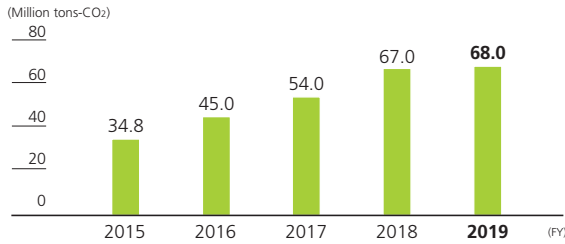
*5 A Daikin standard for assessing and certifying how well each production base is doing in achieving environmental criteria related to energy efficiency, waste reduction, and biodiversity protection.

WEB Method of Calculating Greenhouse Gas Emissions Data <https://www.daikin.com/csr/report/verification/calculation.html>

Environment

Contribution to Greenhouse Gas Emission Reductions from Daikin Air Conditioners on the Market*

OJG



- * Difference between emissions from all Daikin environmentally conscious products sold and emissions from non-inverter products, air conditioners using conventional refrigerants, and gas-combustion heaters and hot water heaters.
- Reviewed by the third-party

Environmentally Conscious Products* as Percentage of Sales Volume (Residential Air Conditioners)

OJG

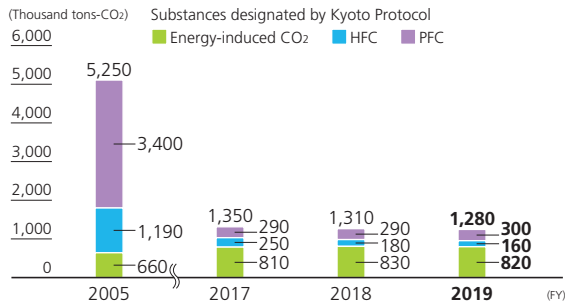
	2016	2017	2018	2019
Environmentally Conscious Products	74	83	93	97
Super Green Products	43	47	51	60
Green Products	31	36	42	36
Other products	26	17	7	3

* Environmentally conscious products: Name for Super Green Products and Green Products. Products that satisfy all of the conditions below are Super Green Products. Products that satisfy at least one of the conditions are Green Products.

- Consume at least 30% less electricity than conventional products
Example: Air conditioners equipped with inverters
- Use refrigerants with at least two-thirds less global warming potential than conventional refrigerants
Example: Air conditioners using R-32, a refrigerant with lower global warming potential

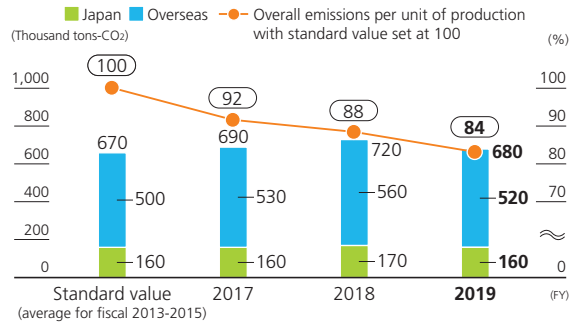
Greenhouse Gas Emissions (Development and Production)

Verified OJG



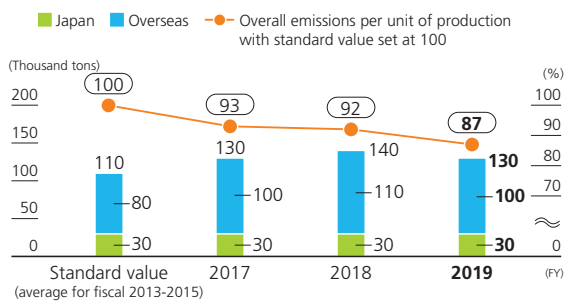
Total Energy-Induced CO₂ Emissions, CO₂ Emissions per Unit of Production

OJG



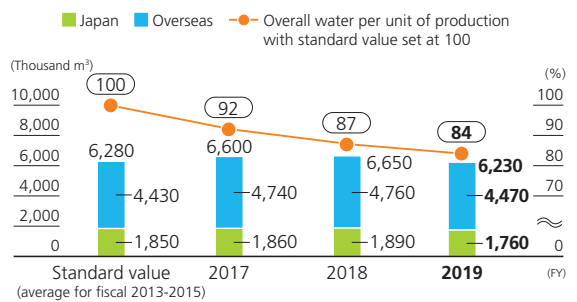
Emissions/ per Unit of Production

OJG



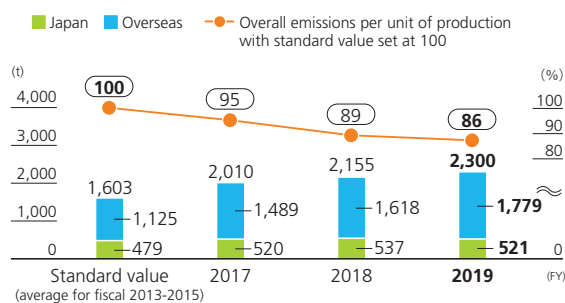
Water Intake/ per Unit of Production

OJG



Chemical Emissions / per Unit of Production (total of PRTR substances and VOCs)

OJG



Green Procurement Rate* by Region (%)

OJG

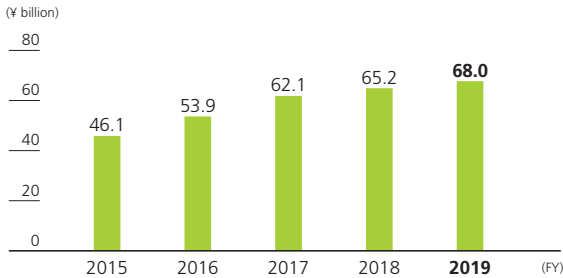
	2017	2018	2019
Japan	92	90	93
China	92	90	93
Thailand	97	97	97
Other countries in Asia and Oceania	84	80	74
Europe	95	95	97
North America	30	32	32
South America	94	100	100
All regions	76	80	80

* Green procurement rate = $\frac{\text{Value of goods procured from suppliers who meet our assessment criteria}}{\text{Value of all goods procured}}$

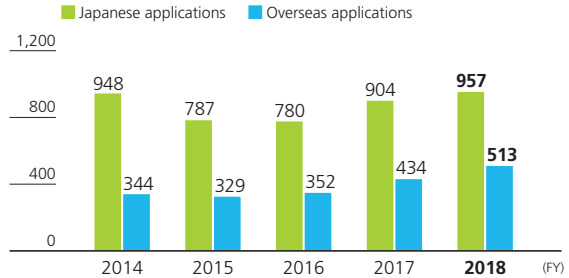
Companies covered by data: (D) Daikin Industries, Ltd. (JG) Including Group in Japan (OG) Overseas Group companies only (OJG) Including Group companies in Japan and overseas

New Value Creation

Research and Development Expenses (OJG)

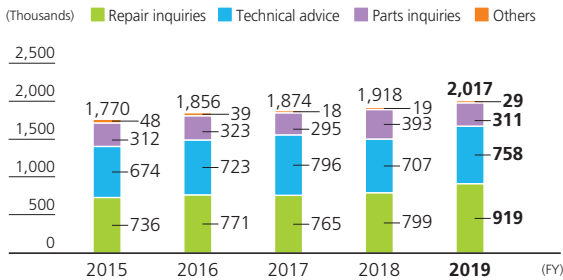


Number of Patent Applications (D)



Customer Satisfaction

Number of Inquiries to the Contact Center (JG)



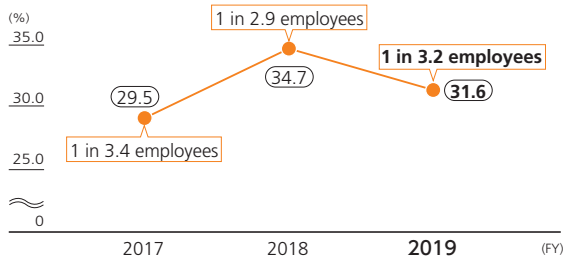
Improvement in Customer Satisfaction*

	(Base year)	2017	2018	2019
Japan	(2015)	1.11	1.13	1.14
Spain	(2016)	1.21	1.15	1.12
China	(2018)	—	1.00	1.04
India	(2016)	1.06	1.09	1.13
Indonesia	(2017)	1.00	1.03	1.03
Singapore	(2015)	1.00	1.00	1.00
Vietnam	(2015)	1.04	1.09	1.11
Australia	(2015)	1.00	1.00	1.00

* Satisfaction of after-sales services, regarding the base year as 1.00.

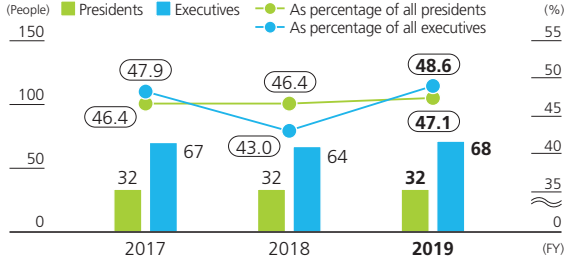
Human Resources

The Ratio of Excellent or Advanced Skilled Engineers* in Manufacturing (D)

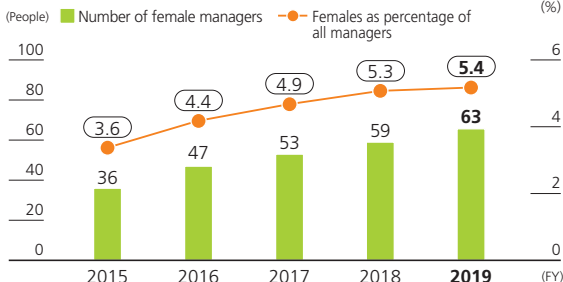


* High-skilled engineers with knowledge and leadership.

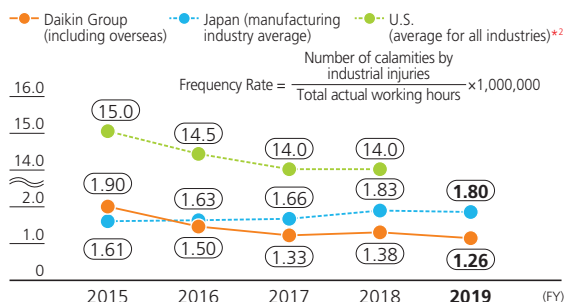
Number and Percentage of Overseas Bases Where Local Nationals Are President or Executives (OG)



Number and Percentage of Women in Management Positions (D)



Frequency Rate*1 (OJG)



*1 This shows the frequency of work-related calamities, expressed in number of calamities for every 1,000,000 working hours.

*2 No data was released for the U.S. in fiscal 2018. (As of end of September 2019) Calculated based on information from U.S. Bureau of Labor Statistics (November 2018).

Companies covered by data: **D** Daikin Industries, Ltd. **JG** Including Group in Japan **OG** Overseas Group companies only **OJG** Including Group companies in Japan and overseas

Supply Chain Management

CSR Procurement Implementation Rate*(%)

OJG

	2018	2019
Japan	94	97
Overseas	—	99
Entire Group	—	99

* Percentage of suppliers that satisfy Daikin's standards

Communities

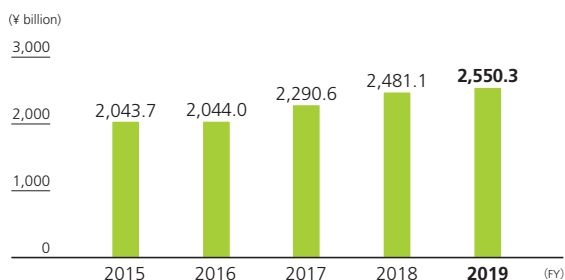
Expenditure for Social Contribution Activities (million yen)

OJG

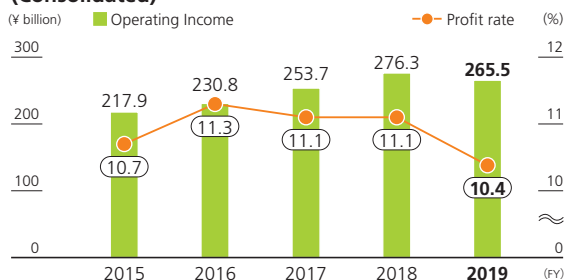
	2017	2018	2019
	1,623	1,415	1,477

Corporate Data

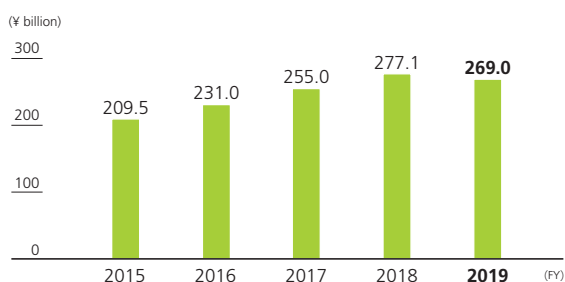
Net Sales (Consolidated)



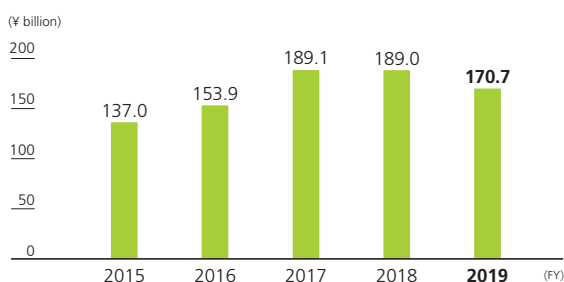
Operating Income/Operating Income Margin (Consolidated)



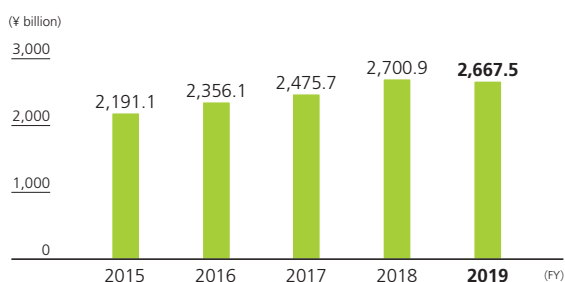
Ordinary Profit (Consolidated)



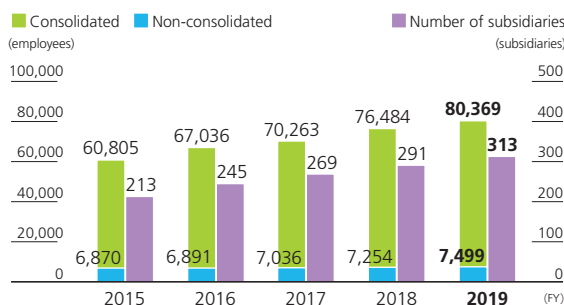
Profit Attributable to Owners of Parent (Consolidated)



Total Assets (Consolidated)



Number of Employees/Subsidiaries



Note: According to the adoption of the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc., from FY2018, the figures in FY 2017 have been retrospectively adjusted

Honors for Daikin

Overall CSR

Daikin Industries, Ltd.

- Chosen for inclusion in the MSCI ESG Leaders Indexes
- Chosen for inclusion in the MSCI Japan ESG Select Leaders Index
- Chosen for inclusion in the MSCI Japan Empowering Women Index (WIN)



- Won the Best IR Award from the Japan Investor Relations Association
- Awarded 4.5-star rating in the Nikkei SDGs Management Survey conducted by Nikkei Inc.



Environmental Honors

Daikin Industries, Ltd.

- Won FY2019 Energy Conservation Grand Prize
 - “Sustainable energy efficiency practices at multi-store amusement facility maintaining comfort” won the Director General Prize of Agency for Natural Resources and Energy
 - “Residential air conditioner for energy efficient homes” and “energy efficiency initiatives for new factories using new air conditioning model and big data” each won the Chairman Prize of Energy Conservation Center, Japan, for their respective category



Honors for Creating New Value

Daikin Industries, Ltd.

- Outdoor air conditioner, Outer Tower, won the Nikkei Superior Products and Services Award 2019 that recognizes particularly excellent new products and services
- Won Derwent Top 100 Global Innovator, by Clarivate Analytics, for intellectual property activities; marking the seventh time over six consecutive years we have won this award



Daikin Fluorochemicals (China) Co., Ltd.

- Recognized by the Jiangsu Provincial Department of Ecology and Environment as a Green Development Corporate Pacesetter for its contributions to green development in Jiangsu Province

Honors for Customer Satisfaction

Daikin Industries, Ltd.

- Portable air conditioner, Carrime, won the iF Design Award 2020
- Four products won the FY2019 Good Design Award: Ururu Sarara Air Purifier, a streamer humidity conditioning air purifier; Stylish Flow, an Sky Air series air conditioner for stores and offices; Outer Tower, an outdoor air conditioner; and an in-vehicle air purifier for the Taiwan market



Human Resource Honors

Daikin Industries, Ltd.

- Granted Nadeshiko Brand designation for the seventh time over six consecutive years, by the Ministry of Economy, Trade and Industry
- Awarded the highest rating, 5 stars, in the 3rd NIKKEI Smart Work survey conducted by Nikkei Inc., which assesses companies based on the adoption of diverse, flexible work practices



McQuay China (Suzhou) Co., Ltd.

- Certified for 5A Rank as Labor Security Credit Company from the Suzhou Industrial Park Labor and Social Security Bureau



Newspaper and Magazine Rankings

- CSR Rankings **11**th (Toyo Keizai Inc.)
- Japan's Best Brands 2020 **28**th (Interbrand)

- Eco-brand Survey 2019 Making efforts to reduce energy consumption **5**th (Nikkei Business Publications, Inc.)
- Company Rankings **12**th (The Nikkan Kogyo Shimbun, Ltd.)

Third-Party Verification Statement

To ensure reliability of the content of this report, Daikin contracts with a third-party to verify its data on greenhouse gas emissions, water use, waste water, waste emissions, and chemical substances emissions.

Data Covered by Verification

Environmental Impact Data on Business Operations in FY2019

- ▶ Scope 1 and Scope 2 greenhouse gas (GHG) emissions, water use, waste water, waste emissions, and chemical substances emissions from business operations of four production bases in Japan of Daikin Industries, Ltd., eight production subsidiaries in Japan, and 46 production subsidiaries overseas.
- ▶ Category 1 (purchased goods and services), 11 (use of sold products), and 12 (final product disposal) emissions of Scope 3 GHG emissions calculated in line with the GHG Protocol's 'Corporate Value Chain (Scope3) Accounting and Reporting Standard.'


Scope of Review

Contribution to Greenhouse Gas Emission Reduction through the Use of Products

- ▶ Contribution to CO₂ emission reduction through the use of inverter air conditioners sold in emerging countries in fiscal 2019.
- ▶ Contribution to CO₂ emission reductions through the use of air conditioners sold in Japan, Europe, North America and China in fiscal 2019.
- ▶ Contribution to greenhouse gas emission reductions through fiscal 2019 worldwide sales of air conditioners that use R-32 low global warming potential refrigerant.

INDEPENDENT ASSURANCE STATEMENT

To: Daikin Industries, Ltd.



Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Daikin Industries, Ltd. (Daikin) to provide limited assurance and to conduct an external review over sustainability information selected by Daikin. This Assurance Statement applies to the related information included within the scope of work described below.

Selected information
The scope of our assurance work was limited to assurance over the following information included within Daikin Group Sustainability Report 2020 (the 'Report') or reported internally to Daikin Group only for the purpose of internal management for the period of April 1, 2019 through March 31, 2020 (the 'Selected Information').

- The following data through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 46 production subsidiaries overseas
 - CO₂ emissions from energy use
 - HFCs and PFCs emissions
 - Water intake and Wastewater
 - Recycled materials and Waste
 - VOC emissions
- Release amount of PRTR, (*) chemical substances through business operations of four production bases of Daikin and eight production subsidiaries within Japan
(*) Pollutant Release and Transfer Register system
- The following data through business operations of four production bases of Daikin
 - CO₂ emissions from non-energy use
 - CH₄, N₂O, SF₆ and NF₃ emissions
- Categories 1, 11 and 12 of Scope 3 GHG emissions accounted in line with the GHG Protocol's 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'

The scope of our review work was limited to review about the following information included within Daikin Group Sustainability Report 2020 (the 'Report') or reported internally to Daikin Group only for the purpose of internal management for the period of April 1, 2019 through March 31, 2020 (the 'Selected Information').


- The amount of contribution to CO₂ emission reduction through the use of inverter air conditioners sold for emerging countries in FY2019
- The amount of contribution to CO₂ emission reduction through the use of air conditioners sold for advanced countries and China in FY2019
- The amount of contribution to GHG emission reduction through the change to low global warming potential refrigerant (R32, R1234ze) charged into air conditioners sold in FY2019

Reporting criteria
The Selected Information included within the Report needs to be read and understood together with the reporting criteria stated in the Report.
The Selected Information reported internally to Daikin Group only for the purpose of internal management needs to be read and understood together with the internal reporting criteria defined by Daikin.

Limitations and Exclusions
Excluded from the scope of our work is any verification of information relating to:
- Activities outside the defined verification period.
- Any other information within the Report, which is not listed as the 'Selected Information'.
This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities
This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Daikin.
Bureau Veritas was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:
- obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria by conducting our assurance work;
- assess the reliability and accuracy of the Selected Information by conducting our review work;
- form an independent conclusion based on the procedures performed and evidence obtained; and
- report our conclusions to the Directors of Daikin.

Assessment Standard
We performed our assurance work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Effective for assurance reports dated on or after December 15, 2015) issued by the International Auditing and Assurance Standards Board and ISO 14064-3 (2009), Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.
We performed our review work by using Bureau Veritas' standard procedures for external review of sustainability information.



Summary of work performed
As part of our independent verification, our work included:

- Conducting interviews with relevant personnel of Daikin;
- Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;
- Reviewing documentary evidence provided by Daikin;
- Reviewing Daikin systems for quantitative data aggregation and analysis;
- Verification of sample of data back to source by carrying out seven physical site visits, selected on a risk based bases at the following locations:
 - Daikin Head Office
 - Daikin Sakai Plant
 - Daikin Air-conditioning (Shanghai) Co., Ltd.
 - Daikin Fluorochemicals (China) Co., Ltd.
 - Daikin Malaysia Sdn. Bhd.
 - Daikin Refrigeration Malaysia Sdn.
 - Daikin Airconditioning India Pvt. Ltd.
- Reperforming a selection of aggregation calculations of the Selected Information;
- Comparing the Selected Information to the prior year amounts taking into consideration changes in business activities, acquisitions and disposals.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.
Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Verified greenhouse gas emissions
We performed our verification work on greenhouse gas emissions data in accordance with the requirements of ISO 14064-3(2009).
Verified data in greenhouse gas assertion made by Daikin are as follows.


Scope	Greenhouse gas emissions (t-CO ₂ e)	Boundary
Scope 1	993,532	CO ₂ from energy use, HFCs and PFCs; GHG emissions through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 46 overseas production subsidiaries
Scope 2 (location-based)	718,542	
Scope 2 (market-based)	604,109	CO ₂ from non-energy use, CH ₄ , N ₂ O, SF ₆ and NF ₃ ; GHG emissions through business operations of four production bases of Daikin
Scope 3 (Categories 1, 11 and 12)	357,490,648	

The breakdown of Scope 3 emissions are as follows.
Category 1: 3,049,180 t-CO₂e | Category 11: 323,781,913 t-CO₂e | Category 12: 30,659,555 t-CO₂e

Conclusion
On the basis of our methodology and the activities described above:
- Nothing has come to our attention to indicate that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.
- It is our opinion that Daikin has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our work.

Statement of Independence, Integrity and Competence
Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.
Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behavior and high ethical standards in their day-to-day business activities.

Bureau Veritas Japan Co., Ltd.
Yokohama, Japan
September 25, 2020



The Daikin website provides the calculation method for environmental performance data.

About This Report

■ Editorial Policy of the Report

This report covers our basic philosophy for realizing sustainable growth of Daikin, fiscal 2019 achievements, and future plans. When we formulated Fusion 20 in fiscal 2015, we came up with four themes of CSR for value provision—Environment, New Value Creation, Customer Satisfaction, and Human Resources—and five themes of Fundamental CSR—Corporate Governance, Respect for Human Rights, Supply Chain Management, Stakeholder Engagement, and Communities—aimed at sustainable growth for both Daikin and society.

The report consists of a printed version and a website version. The printed version covers Daikin's strategies for a sustainable society, the four themes of CSR for value provision, and key information related to the five themes of fundamental CSR on which the four themes are founded.

Information shows results for the Daikin Group as a whole unless otherwise specified.

The website version goes into more detail than the printed version, and also gives other information such as case studies from the past.

Sustainability Website



<https://www.daikin.com/csr/>

Investor Relations Website



<https://www.daikin.com/investor/>

▲
Please refer to the above website for the latest financial information, annual reports, and other IR information.

Reference Guidelines

This report was created with reference to the GRI Sustainability Reporting Standards released by the Global Reporting Initiative (GRI). Guideline comparison tables are on our website. Our CSR activities are conducted in line with ISO 26000.

Since October 2008, Daikin Industries, Ltd. has been taking part in the United Nations Global Compact, an initiative for companies committed to operating based on 10 universally accepted principles in areas including human rights, labor, the environment, and anti-corruption. Daikin also issues this CSR Report as an annual Communication on Progress (COP) to the United Nations, a public disclosure on progress made in implementing the 10 principles of the Global Compact.

Third-Party Verification

To ensure reliability of the content of this report, the Daikin Group had a third-party verification conducted for data on greenhouse gas emissions, water use, waste water, waste emissions, and chemical substances emissions. (See page 29.)

Daikin Organizations Covered

This report covers Daikin Industries, Ltd. and its consolidated subsidiaries. Environmental performance data, however, covers four Daikin Industries, Ltd., production bases, eight production subsidiaries in Japan, and 46 production subsidiaries overseas.

Term Covered

This report covers fiscal 2019 (April 1, 2019, to March 31, 2020).

Publication Date

October 2020 (English edition)

The next publication (Japanese) is planned for July 2021. The next English edition is scheduled for publication in September 2021.

Contact Information

CSR & Global Environment Center,
Daikin Industries, Ltd.
PHONE: +81-6-6374-9304 FAX: +81-6-6374-9321
Email: csr@daikin.co.jp

Note

In reporting on fiscal 2019 CSR activities, data was carefully reviewed and was revised in cases where discrepancies occurred between actual fiscal 2019 results and information reported for fiscal 2018. Also, because figures are rounded off, totals may not equal the sum of individual figures.

Forecasts, Expectations, and Plans

This report includes forecasts, expectations, and plans, in addition to past and present facts, about Daikin Industries, Ltd. and its subsidiaries (collectively called the Daikin Group). Please be aware that these are assumptions and judgments made based on the information available at the time this report was written and thus incorporate a degree of uncertainty. Consequently, there is a possibility that events occurring in the future may turn out differently from the forecasts, expectations, and plans stated in this report.

DAIKIN INDUSTRIES, LTD.

Inquiries

CSR & Global Environment Center

Umeda-Center Bldg., 2-4-12, Nakazaki-Nishi, Kita-ku, Osaka, 530-8323 Japan
PHONE: +81-6-6374-9304 FAX: +81-6-6374-9321

You can also view this report on our website.

URL <https://www.daikin.com/csr/>

We welcome your thoughts and opinions on this report.

URL <https://www.daikin.com/contact/report/csr/>

Published October 2020

**In all of us,
a green heart**



The Daikin Group Environmental Symbol

The symbol of the Earth in the shape of a green heart represents a determination on the part of each and every employee of Daikin to think green (think of the Earth and take care of the environment).

WE SUPPORT



UN Global Compact

Daikin strives to contribute to the sustainable development of society by reflecting in its business activities the 10 principles of the UN Global Compact, which the company has participated in since 2008.



Eco First

For its range of environmentally advanced efforts, Daikin Industries, Ltd. has been certified as an Eco-First Company by Minister of the Environment of Japan.



Certificated in Japan

